



Analysis of GST Reconciliation Statement (Form GSTR-9C)

CA NAVYA MALHOTRA

[B.Com(H), M.Com, ACA, DISA,
Certified GST Member-The ICAI

Mobile: 84471 37367

E-Mail: navyamalhotra28@gmail.com

GSTR-9C – BASICS

3

- All regd. persons with FY *turnover* > Rs.2 crore
- *Explicit* exclusion (Depts. of CG/SG/LA subject to audit)
- *Implicit* exclusions (ISD, TDS, TCS, Casual Taxable Person, NR Taxable Person, UIN holders)

- Annual return (pre-requisite as per Notes to GSTR-9C)
- Copy of audited annual accounts (to be filed with GSTR-9C)

- 30th Jun. 2019 (for 9M, FY18)
- 31st Dec. of succeeding FY (in general)

- Chartered Accountant
- Cost Accountant

Responsibility to “file” GSTR-9C lies with assessee

Consequence of non-filing GSTR-9C when GSTR-9 is filed?

ISSUES SURROUNDING “TURNOVER”

4

Turnover vs.
Aggregate Turnover
- Act vs. Rules -
Law vs. Practice!

Taxable value
u/s.15 vs. Turnover
as per Books -
Exercise caution!

Should inter-/intra-
state stock
transfers be
considered for the
threshold?

Should sale of
petroleum
products /liquor
be considered for
the threshold?

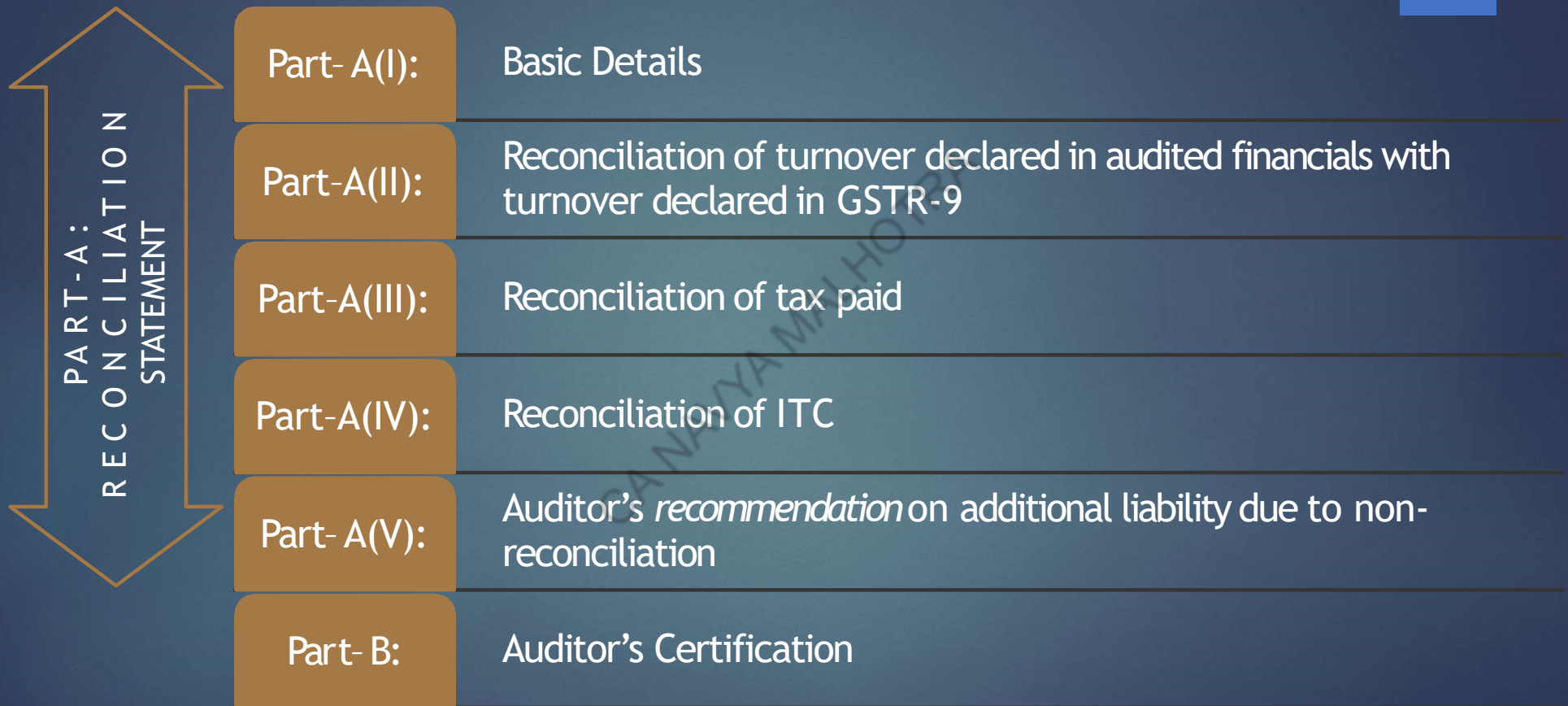
Should exclusive
supplier of exempt
services file GSTR-
9C?

Should the
turnover of Q1,
FY18 be
considered?

If assessee has
missed deemed
supplies, should it
be considered for
GSTR-9C
threshold?

GSTR-9C FORMAT – OVERVIEW

5



PART-A(I): BASIC DETAILS

6



PART-A(II): RECONCILIATION OF TURNOVER – AUDITED FINANCIALS vs. GSTR-9

7

Part A(II) comprises:

Table 5

Reconciliation of Gross Turnover as per audited
FS /Books of Accounts vis-à-vis GSTR-9

Table 6

Reasons for unreconciled difference in Gross
Turnover

Table 7

Reconciliation of Taxable Turnover as per audited
FS /Books of Accounts vis-à-vis GSTR-9

Table 8

Reasons for unreconciled difference in Taxable
Turnover

TABLE-5: RECONCILIATION OF GROSSTURNOVER

8

Turnover as per audited FS (or from GL) for the State/UT - for the entire FY 2017-18

(-) Turnover from April to June 2017

(+) Unbilled revenue recognised in pre-GST era; but GST paid during 9M, FY18

(-) Advance recd. in pre-GST era & GST not payable; but revenue recognised in 9M, FY18

(-) Credit Notes issued (i.e., recorded) after 31-Mar-18; but reflected in GSTR-9

(+) Deemed Supplies

High probability of missing! Avoid double count!

(-) Unbilled revenue recognised in 9M, FY18; but GST not payable in the same period

(+) Advance recd. in 9M, FY18 & GST paid; but revenue not recognised

... (contd. in the next slide) ...

= Adjusted Gross Turnover

vs.

Turnover as per GSTR-9 [Sl.Nos. 5N + 10 - 11]

TABLE-5: RECONCILIATION OF GROSS TURNOVER

9

Turnover as per audited FS (or from GL) for the State/UT

... (contd. from the previous slide) ...

(+) Trade discounts accounted in audited FS; with no GST impact

(-) Turnover under composition scheme

(+/-) Foreign exchange fluctuations

(-) Supply of goods by SEZ to DTA

(+) Credit Notes accounted in audited FS; with no GST impact

(+/-) Adjustments under Valuation provisions

(+/-) Other reasons

= Adjusted Gross Turnover

vs.

Turnover as per GSTR-9 [Table Nos. 5N + 10 - 11]

TABLE-5: EXAMPLES OF RECONCILING ITEMS (IF DULY ACCOUNTED & GST PAID)

10

A few deemed supplies (without consideration)

- ☐ Permanent transfer /disposal of business assets, where ITC was availed
- ☐ Provision of canteen /cab facilities to employees
- ☐ Gifts exceeding Rs.50,000 p.a. to an employee
- ☐ Stock transfers between distinct persons
- ☐ Import of services from related person or establishments outside India

Example of Valuation adjustment

- ☐ F.O.C. materials received by supplier from recipient

Examples of Other adjustments

- ☐ Notice pay recovery (falling in credit side of expenses)
- ☐ Incentive from supplier net off against purchases
- ☐ Sale of capital goods
- ☐ Return of pre-GST inward supplies
- ☐ Inputs /C G sent to job worker but not returned within prescribed period
- ☐ Goods sent on 'sale or approval' basis > 6 months

Watch out for transactions not apparent in the Books of Account!

TABLE-7: RECONCILIATION OF TAXABLE TURNOVER

11

Adjusted Gross Turnover

(-) Value of *exempt, nil-rated, non-GST & non-Supply* Turnover
(net of debit notes, credit notes & amendments)

(-) Zero-rated supplies *without* payment of tax
(net of debit notes, credit notes & amendments)

(-) Supplies where *recipient* is liable to pay under RCM
(net of debit notes, credit notes & amendments)

= Adjusted Taxable
Turnover

vs.

Taxable Turnover as per GSTR-9
[Table No.4N]

Watch out for violation of zero-rating conditions (SEZ /Exports) & do not exclude here!

Watch out for violation of exemption conditions & do not exclude here!

PART-A(III): RECONCILIATION OF TAX PAID

12

Part-A(III) comprises:

Table 9

Reconciliation of rate-wise liability & amount payable thereon

Table 10

Reasons for unreconciled payment of taxes, etc.

Table 11

Additional amount payable but not paid (due to unreconciled gross turnover /taxable turnover / taxes)

TABLE-9: RECONCILIATION OF TAX PAID

13

Tax Payable as per declaration in the Reconciliation Statement
[Split into IGST, CGST, SGST & Cess (if applicable)]

5%	12%	18%	28%	3%	0.10%	Interest	vs.
5% (RCM)	12% (RCM)	18% (RCM)	28% (RCM)	0.25%	Late Fee	Penalty <i>Others</i>	

Tax paid
as
declared
in
GSTR-9

Source for *tax-rate* wise liability /PoS-wise liability?
Watch out for significant rate changes in 9M, FY18!

For Rate
disputes, HSN
as per Customs
Tariff holds key!

PART-A(IV): RECONCILIATION OF ITC

14

Part-A(IV) comprises:

Table 12

Reconciliation of ITC availed as per audited FS vs. GSTR-9 at macro level

Table 13

Reasons for unreconciled difference in ITC

Table 14

Reconciliation of ITC as per audited FS /Books of Account vs. GSTR-9 at micro /expense-head level

Table 15

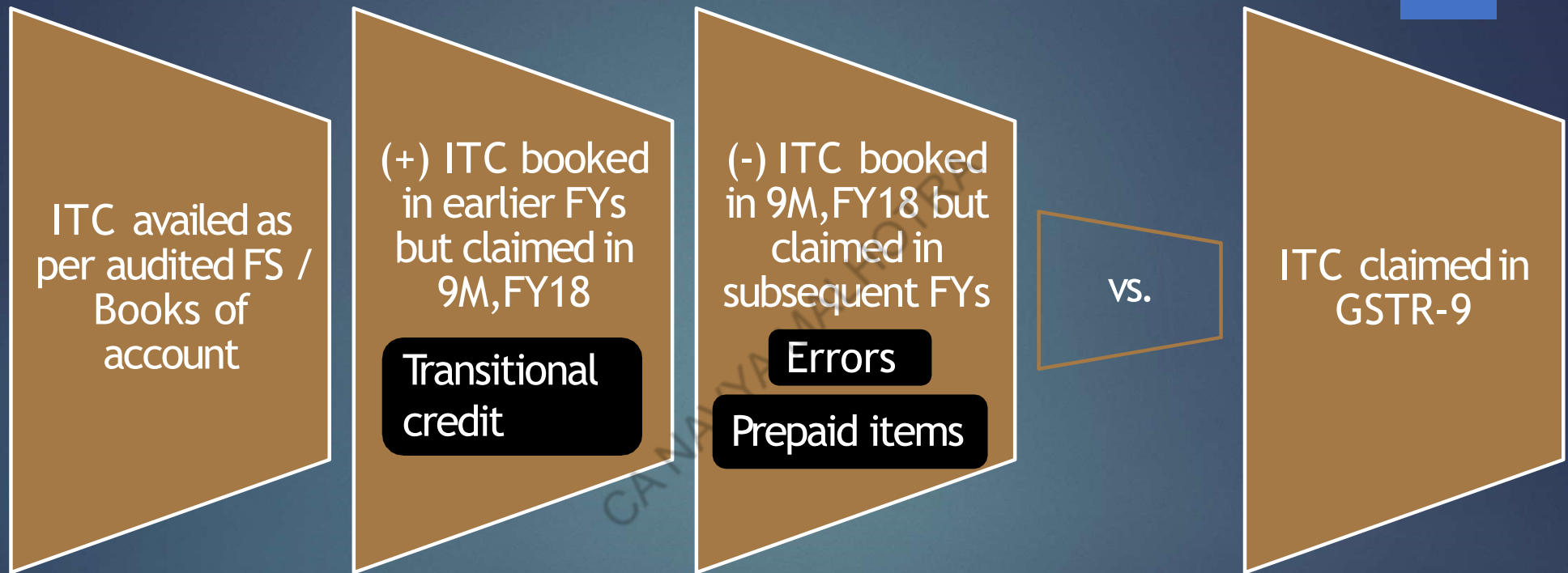
Reasons for unreconciled difference in ITC

Table 16

Tax /Interest /Penalty payable on unreconciled differences in ITC

TABLE-12: RECONCILIATION OF ITC AVAILABLE AS PER AUDITED FS vs. GSTR-9 AT MACRO LEVEL

15



Variances include: (i) Ineligible ITC not availed in return; (ii) ITC lapsed; (iii) *ITC of another GSTIN claimed wrongly, etc.*

TABLE-14: RECONCILIATION OF ITC AS PER BOOKS OF ACCOUNT vs. GSTR-9 AT EXPENSE-HEAD LEVEL

16

Value, ITC & Eligible ITC as per Books of Account									vs.
Purchases	Power & Fuel	Goods lost, stolen, destroyed, written off or disposed by way of gift /free samples	Royalties	Conveyance charges	Entertainment charges	Capital Goods	Other expense 1	ITC claimed in GSTR-9	
Freight	Imported Goods /Recd. from SEZ	Rent & Insurance	Repairs & Maintenance	Employee cost	Bank charges	Stationery expenses	Other Misc. expenses		Other expense 2
ITC reversal under Rules 37, 42, 43 check! Blocked credits u/s.17(5) check! Requires very detailed examination						Variance correlated to Tables 12 & 13 above			

PART-A(V):AUDITOR'S *RECOMMENDATION* ON ADDITIONAL LIABILITY DUE TO NON-RECONCILIATION

17

Part-A(V) comprises:

Tax Payable due to non-reconciliation of turnover

ITC Payable due to non-reconciliation

Interest Payable ◀ Belated filing! Payable on gross liability

Late fee Payable

Penalty Payable!

Supplies not included in GSTR-9!

Refunds erroneously taken

Outstanding* demands *recommended* to be settled

Others (to be specified)

[Split into Value, CGST,
SGST/UGST, IGST, Cess (if
applicable)]

Taxpayer's option to pay
additional liabilities through
Form GST DRC-03
- *Only through e-cash ledger!*

Sizeable responsibility
on the auditor to find
these & recommend!

* Not subject to appeal

PART-B: CERTIFICATION

18

I. Certification where Reco. Stmt. is drawn by the person who conducted audit

Statement on examination of BS, PL, CFS

Whether books, records, documents *as* required by GST law maintained?

Observations, comments, discrepancies, inconsistencies (if any)

Whether information /explanation necessary for audit obtained?

Whether proper books of accounts kept by regd. person?

Whether BS, PL & CFS are in agreement with books of account maintained?

Opinion that GSTR-9C is true & correct subject to observations, qualifications (if any)

II. Certification where Reco. Stmt. is not drawn by the person who conducted audit

Whether books, records, documents *as* required by GST law maintained?

← This point is missed in Part-B(II)!

Opinion that GSTR-9C is true & correct subject to observations, qualifications (if any)

PART-B: CERTIFICATION – A FEW CHECK POINTS

19

Maintenance of records

Compliance with Rule 46 reg. *particulars* to be disclosed in outward / RCM invoices

Compliance with Rule 36 reg. documents required for claiming ITC, incl. *RCM invoices*

Compliance with Sec.31 reg. maintenance of receipt voucher, refund voucher, payment voucher

Compliance with Sec.35 reg. various books of account /records to be maintained at place of business

Should these be reported?
Manner of reporting?

Mis-match between
GSTR-2A & GSTR-3B

Absence of LUT
where exports
without payment of
tax has taken place &
other conditions have
been complied

Key Points while filing GSTR-9C

'System generated summary based on GSTR-9 filed shall have the following fields:

Turnover as declared in Annual return (GSTR-9)

Taxable turnover as per liability declared in Annual Return (GSTR-9)

Total amount of Tax paid as declared in Annual Return (GSTR- 9)

ITC claimed in Annual Return (GSTR-9)

ITC claimed in Annual Return (GSTR-9)

Limit of upload for following documents under each section shall be 2 files and each file size should not exceed 5 MB:

Balance Sheet

Profit and Loss Account/Income and Expenditure Account

Other document 1, if any ☐ Other document 2, if any

You are given an option to navigate to GST DRC 03 for making payment towards additional liability. After making payment through GST DRC 03, you will be navigated back to Form GSTR 9C.

Tables of GSTR-9 to be used in GSTR-9C

Table 5Q derives values from Sr. No. 5N, 10 and 11 of Annual Return (GSTR-9).

Table 7F derives values from Table (4N-4G) + (10-11) of Annual return shall be declared here.

Table 9Q derives values from Table 9 of Annual Return. It shall also contain values declared for differential tax from table 10 or 11 of Annual Return.

Table 12E derives its values from Table 7J of Annual Return.

Table 14S derives its values from Table 7J of Annual Return